

DEPARTMENT OF DEFENSE BLOGGERS ROUNDTABLE WITH MARK WILT, MEMBER, PROVINCIAL RECONSTRUCTION TEAM, MULTINATIONAL DIVISION-CENTRAL, VIA TELECONFERENCE FROM IRAQ TIME: 11:59 A.M. EDT DATE: TUESDAY, APRIL 22, 2008

Copyright (c) 2008 by Federal News Service, Inc., Ste. 500 1000 Vermont Avenue, NW, Washington, DC 20005, USA. Federal News Service is a private firm not affiliated with the federal government. No portion of this transcript may be copied, sold or retransmitted without the written authority of Federal News Service, Inc. Copyright is not claimed as to any part of the original work prepared by a United States government officer or employee as a part of that person's official duties. For information on subscribing to the FNS Internet Service, please visit <http://www.fednews.com> or call (202)347-1400

(Note: Please refer to www.dod.mil for more information.)

CHARLES "JACK" HOLT (chief, New Media Operations, OASD PA): We're ready when you are. Mr. Mark Wilt with us, with the PRT, Provincial Reconstruction Team, in Multinational Division-Central, correct?

MR. WILT: Yes, Multinational Division-Central, and we -- as far as the province is concerned, it's called South Central.

MR. HOLT: South Central. Okay. And we're looking at Wasat province.

Sir, the floor is yours, if you've got an opening statement for us. We're ready to go.

MR. WILT: Okay. Well, first of all, let me start off to say what an honor it is to speak with you all today. It's always a pleasure to be able to speak about the good work we're doing, where we're headed and why, and what progress we're seeing.

As mentioned, I'm the USAID representative on the Wasat team. And not knowing how familiar everyone is what was USAID is, USAID is the United States Agency for International Development. It's an independent federal government agency receiving guidance from the secretary of State.

USAID implements programs in long-term development in terms of economic growth, agriculture, global health, democracy, et cetera, et cetera. As the USAID representative here, my role is sort of threefold. The first one is, I think, best described as activity manager for all the USAID's programs in Wasat. And we have quite a few of those.

By "activity manager," I mean I help to provide on-the-ground knowledge of the situation here, so that programs can be adjusted accordingly to better serve the people of Iraq and help achieve their goals, the programmatic goals, as well as the goals of the PRT.

Secondly, I advise the PRT and the military and coalition forces here on developmental issues and cultural issues, and how to spend their money in a better fashion, in a more sustainable fashion.

And thirdly, I try to develop short-term programs and initiatives that help advance PRT and coalition objectives, and likewise maximize the impact of the USAID programs with the additional funding.

In terms of economics, just to let you know, Wasat's economy is largely agricultural. It's about 30 percent agricultural production, about 30 percent trade -- the trade is largely because it's a border -- it's a border province with Iran -- 10 percent industry, so there's not a ton of industry, but a lot of that industry is actually agricultural processing, so it's linked with agriculture, and 30 percent in this other category.

And those are estimates from the provincial council. Consequently, given the heavy emphasis in agriculture or agribusiness, our economic development activities are similarly weighted towards agriculture.

Now, rather than me speaking, I'd like to put it back to you all to see what sort of topics you're most interested in.

MR. HOLT: All right, sir. Thank you very much.

Farook Ahmed, you were with us first on line, so why don't you get us started? Once again, I'd like to mention that when I call your name, just introduce yourself and your publication, and then let's get started.

Farook?

Q Hi, sir. Farook Ahmed from the Institute for the Study of War. I'm wondering if you could go into -- maybe break down the situation as far as, you know, what are your projects that you're able to carry out, maybe in the area of al Kut as opposed to areas further north, closer to Baghdad, and how is the security environment affecting your ability to carry out those developments and reconstruction programs?

MR. WILT: Sure. When I first arrived -- and I arrived last year, beginning of August. Prior to that, I believe the base here, FOB Delta, had received numerous indirect fires over the -- you know, I guess from the beginning, the coalition had been here. But around that time, Jaish al-Mahdi had called a cease-fire. And since then, other than disturbances, I guess about a month ago, a month and a half ago, things in these -- in this period has been relatively quiet. And this is the bulk of when we've been able to do our work.

Since we're a provincial reconstruction team, we actually work, obviously, all over Wasat. Since we're embedded or co-located with the 214th Fire Brigade, the most northern -- northwest part of the province, which includes the city of Suwayrah, is actually within our area of operation, but is not within the 214th. So thus far, we haven't gotten up to the northwest.

In al Kut -- (inaudible) -- council, and in terms of reconstruction or projects, we have assisted them with what is called PRDC projects, which is a very large program. It's to augment their spending in targeted ways, (across ?) -- in terms of infrastructure, education, irrigation, downtown lighting, water, sanitation, and that was across the province. But obviously, since Kut is the largest city, it has a significant impact or a significant focus in Kut. I think in some of the notes (I'd sent ?) is one of our largest projects coming up for downtown Kut is to provide a -- two large markets as outlets for agricultural products, which -- currently there is no real, you know, market of

that type of scale in Wasat, and that will be a large fish market and a very large meat market.

Q Thank you, sir.

MR. HOLT: Okay.

MR. WILT: You're welcome.

MR. HOLT: And Grim?

Q Sir, I'd like to ask you about the safety of transportation through the area.

Are you finding that the -- you mentioned trade being a fairly significant portion of the total picture there. Is it possible to travel the highways in a commercial fashion? The Iraqis who are doing business and trade, are they finding that they can get their goods to market, whether it's in Baghdad or from Iran or to Iran or whatever needs to be done?

MR. WILT: To the best of my knowledge, when we discuss about, you know, say, for instance, even holding meetings, there's never push-back from local Iraqis on driving by car to meet anywhere. And we certainly haven't had any problems in implementing our projects here in Wasat as a result of insecurity or attacks on the roads, et cetera.

Q Thank you.

MR. HOLT: All right. And Jarred.

Q Yes, sir. Thanks for your time and all your efforts.

Could you talk a little bit more on the personal level, to your own impressions, kind of following up on what Grim was saying? What's it like on the ground? Are you seeing a lot of Iraqi army? I know that it's more of a Shi'a area, so you don't have the Sawa (ph) forces, but who's actually ensuring the security? What's the feeling on the ground amongst the people and amongst their relations with the central and the regional councils and with the government, as well? Can you talk on your day-to-day experiences, how things have changed from when you were there till now?

MR. WILT: Sure. I'm not sure if -- well, first of all, FOB Delta's a multinational force and largely we do not have a kinetic operation or patrols -- security patrols throughout Wasat. Having said that, this province is going to go PIC at some point in the future, and it's largely patrolled and the security's provided by the Iraqi army and the Iraqi police, as it stands right now. So that if, you know, I go into downtown Kut, you will see Iraqi police checkpoints and Iraqi army checkpoints towards that.

And actually, I was out on a very long mission one day towards a southern city in Wasat called Al Hayy, and we had a mechanical breakdown. And after a very, very long delay, we actually came back into Kut. So we went through Al Hayy at night, which, you know, you just don't do typically, and al Kut at night. And I was very surprised, because I had not done this before, was to see that both Iraqi police and Iraqi army were manning checkpoints.

Cars were on the street; people walking on the street. And some shops were open. So from an economic perspective and a security perspective things looked, you know, normal, good.

Does that answer your question, sir?

Q Yeah. And then, if you could tie in a little bit about the Ministry of Agriculture on the Iraqi side. Is there enough expertise there that you're being able to see where as soon as we withdraw, things aren't just going to completely collapse, but that we're training people so that they can run the programs once we leave?

MR. WILT: You know, that's a very good question. And part of -- and it's a difficult assessment to get at, to be honest. They've developed a provincial development strategy in Agriculture, and this has been a very -- actually, it's part of a USAID program called the Local Governance Program. And it's gone through multiple evolutions, and the final evolution has just been published. I mean, obviously, when you develop a strategy, whether it's economic or agriculture or whatnot, that strategy must be manifested with dollars. And that budget and approved projects has just come out very recently, and so we're in the process of assessing that.

Now, we didn't help them with that process. The USAID program facilitated it, but that's as far as it went. So with that assessment, we'll see if this makes both agricultural or economic sense as well as we'll look at whether or not, based on our understanding of the needs in terms of infrastructure, et cetera, whether or not it's transparent and in the best interest of the people it serves, because there might be -- you know, with any budget from any type of institution or government, there's always politics that plays a part. But you sort of want to see exactly how much that might be.

Now in terms of delivering agricultural extension, which is education to the farmers, which is another essential service, we're in the process of having that as part of our agricultural extension program that we're launching. We have worked with the DGs of Agriculture to discuss in-depth the problems that are facing the province, as well as the director general of Water Resources, and at this stage, have not identified any notable gap in competency.

MR. HOLT: Okay. And David? Q Hi, it's David from War is Boring. Okay. I sort of faded out there during that last one. (Chuckles.) So tell us again, are you seeing -- or let's start with this. Are you seeing money -- Baghdad money coming back into the province? And are you seeing any evidence of sustainability in Iraqi -- let's just focus on agriculture -- in agriculture?

MR. WILT: Well, a few points. The first one is, are we seeing Baghdad money in the province, and the second one, obviously, is sustainability.

Q Yes.

MR. WILT: I'll comment on the second one. Sustainability is a really long -- people throw the word around quite a lot, but it's a very difficult thing to sort out, and the proof basically is in the pudding, and we'll see. We certainly will know when the first aspect of sustainability -- if the projects on the ground exist and what their quality is.

Now, towards that end, we are doing -- we are just starting to monitor the -- I believe it's called ARDP projects, which is basically the money that

Baghdad sends down to the provinces for the provinces program. We have the list of projects that they have targeted before that have been contracted and should be implementing and finishing. And we are doing an audit check to identify if those AA projects did occur; obviously, that it was expended; that this is all true; what is the quality of the work. And therefore that's the first step towards sustainability.

The second step toward sustainability is that if there is -- you know, you have to close that budget cycle, because remember, this has not happened before.

Now, those projects need to be maintained, so therefore each of the projects now need to be found in the operating expense budget of the ministries. Say, for instance, the provincial council, through the ARDP funds that came from Baghdad, set up a water compact unit or a school. Well, that school is actually the property now of the Ministry of Education, and the water unit now the property of the Ministry of Water. So the next (crank ?) in the cycle, they now have to program for sustainability for the funds for operating expense and maintenance to be in their budgets. So we will see if this develops, but we're monitoring it. Q Okay, good luck.

MR. HOLT: Okay. And any other questions?

MR. WILT: By the way, we're also monitoring U.S. government investments here and their sustainability too.

Q I've got a follow-up.

MR. HOLT: Okay, Jarred, go ahead.

Q Talk a little bit about the fact of -- what are the influences on the population there? Is there any JAM or Mahdi Army? With the disturbances of the last few weeks, have you seen any of that throughout the province?

And what is the feeling amongst the population, as you travel through and say, okay, what do you need to do; this is what we're going to do; these are the plans. What do you feel from your daily trips around in the last few weeks?

MR. WILT: You know, as the aid officer and economic officer, I pretty much stay away from politics.

Q Smart move.

Q Jack, this is Phibian from Commander Salamander. I came in a couple minutes late.

MR. HOLT: Oh, sure.

Q Do you have time to wedge me in?

MR. HOLT: Yes. Go right ahead.

Q Sure. I had kind of a little two-part question here.

First of all, I heard you talk about a lot of the larger projects. And I know in many places in the developing world, to kind of go around a lot of the

problems that we have with large government, large funding, that a lot of IGOs, NGOs and some private organizations have tried to build up the small businessmen, the small entrepreneur or just the lady in her garage with microloans.

Have you all looked at that? Or do you work with any IOs or NGOs that may be in the area doing that?

And the second part of it, I believe, I heard you mention the USDA earlier when you were talking about some of your agricultural problems, excuse me, projects. But have you had any opportunity to maybe leverage off of the wealth of experience a lot of our land-grant university had with their agricultural extensions?

And I know there are some National Guard members I've talked to that that's actually their full-time job back home; that even when they're activated, they're obviously doing other things. Have you had a chance to look at that as well?

Thanks. MR. WILT: Yeah.

Actually on the first point, a significant focus, of mine and the economic team here, has been to address the major influencers of the economy. And the small-to-medium-size businesses are the largest employers in any economy.

It's difficult to serve them. It's difficult to develop them, because you have to typically use macrolevers. But one of the macrolevers actually is obviously cost of capital and access to capital.

And to your point, yes, we have a very robust microfinance -- two microfinance institutions, in Wasit, that have been developed and funded by USAID. I believe they've loaned out in the last -- since July, August of last year, they've made about \$4 million in loans. And they currently have about \$2 million in outstandings.

And that's in Kut alone, basically all in one city of a few hundred thousand people.

Q Excellent.

MR. WILT: The other aspect is for the middle marker, the middle-sized business, is that USAID has a program called the Iraqi Bank of -- the Iraqi Company for Bank Guarantees, which offers a loan guarantee product. The importance of this is that Iraqi banks actually don't -- they're not sophisticated, in terms of financial services. And their loan products are very archaic, as a result.

Typically, a loan here would be upfront. You know, the collateral requirements are 3(00 percent) to 500 percent in collateral. Now, if that was the United States, no one would buy a car, no one would buy a house, et cetera. The USAID program has created a financial services product that requires almost no collateral because it's a guaranteed loan, and USAID is teaching them cash-loan lending practices.

I've been learning from all of this that because of the inflation rate, the interest rate between the bank and the government is over 17 percent. So

right now it's the percentage rate that seems to be inhibiting the lending of capital. So I've been developing and should be close to launching a financial services product here in Wasat that will augment that product. And that will be a lower-interest rate product. And so, you know, you should have a low collateral loan with a much more affordable interest rate. And so that will be targeting more the medium-sized businesses. And we'll see if at a macro level that can get them going.

In terms of agricultural extension -- we think back to the other levers of small, medium-sized businesses. Obviously, one is education. And for the nonagricultural businesses, I'm in the process of developing a small-business development center which will teach basic business education for small and medium-sized businesses.

In the agricultural sector, we're very close to launch of a large-scale agricultural extension program in conjunction with the -- (inaudible word) -- council, the Ministry of Agriculture. And this is all aimed at increasing the profitability of farmers, especially small farmers.

During the former regime, the agricultural industry was heavily, heavily subsidized. It currently is still heavily subsidized. But once the subsidies were removed, it caused great, you know, great pain and suffering economically in all the agricultural provinces.

The only real, sustainable way to get off of those subsidies is to teach -- to the technical assistance -- to teach farmers how to farm more sustainably and more profitably. So as hopefully in the future, those subsidies are removed, they actually can reach in their pocket and still afford to provide a means to support their families.

We are looking to outside the PRT for agricultural extension expertise. The embassy has several agricultural specialists. They're advising us on this program. And also Texas A&M has a relationship with -- through the, I think, through the embassy or the military. And we'll be getting some of their experts out here for three-to-six months.

Q I would think Texas would be a good area, from a climate point of view, to get your experts from.

MR. HOLT: Okay.

Any other questions?

Q I've got another follow-up then.

MR. HOLT: Okay, sure.

Q What about the feeling from like the -- (inaudible) -- or whatever on the ground, the farmers? What do they say when you're coming out there with a new program? Is it something that they say, yeah, this is great, just what we wanted? Or do they say, well, it's not really what we need?

Or what's kind of that feeling when you're interrelating with the actual citizens of Wasit?

MR. WILT: Good question.

In development, it's always a balance. You don't necessarily always want to do exactly what a person wants you to do, because they might not know what's best. However you don't want to ignore their voice to express concerns and needs because, you know, typically they're often right especially in how to address them. In this situation, we sort of do both. And by that, I mean, they're trained that the government gives them feed and fertilizer largely for free, and they buy their products off of them for above the market price.

That's not sustainable. But they -- typically they want the canals cleaned for them. They want the feed and fertilizer given to them. It's not really a market mentality. So you can -- we work with those who are willing to help themselves and work themselves towards a much more sustainable situation.

We -- the military and coalition forces have often helped, in a humanitarian way, in giving out feed and fertilizer over the years.

And, you know, you crank that cycle once and it dies, because it's over. The farmer doesn't actually get themselves out of the pickle that they're in. And through ag extension, we're hoping to work with farmers who have the right mentality, who want to make a profit. If they can make a profit in commodities not bought by the government, even better, because we already know that those crops are sustainable, because there's a market that does not have the hand of the government involved in.

And we will monitor the success. We will assist, obviously, in the provincial government and the different ministries in abiding by what they're contractually supposed to provide either in subsidies or in, you know, canal clearings, because some of it is state infrastructure and some of it's farmer. But in any developmental cycle, there might be a phase of humanitarian assistance, but then it moves into development.

So, for instance, when I was in Somalia, there were very devastated communities in agriculture. You might have provided them the first crank of the lever, but then you'd have to give them the tools and motivation for them to crank it the second time themselves. And that's sort of the situation that we're in. We're not as dire, clearly, as Somalia, but there are some things that we have to pay attention to to make sure that the engine gets cranked a second time and it's largely being done by them.

MR. HOLT: All right. Anything else? Any other follow-ups?

Q This is Grim. One last question that I have. I would like to ask you about purely in economic terms, not to talk about politics at all, but just in terms of the economic impact. There has been a lot of reporting on groups running protection rackets out in Wasat. Do you find that these groups are actually providing protection, or are they just sucking profits out of the cycle? Are they, in other words, a short-term positive but a long-term negative, or are they a pure negative?

MR. WILT: You know, actually this is the first time I've heard about it, so I'm not sure about the economic impact of any protection racket. I don't doubt that they exist, but I haven't actually come across them in any of my -- they haven't been mentioned in any of my interviews or engagements with local or provincial authorities.

Q All right, thanks. Q If I could follow up on something that you said --

MR. WILT: If I could --

Q Oh, go ahead.

MR. WILT: Well, actually I just wanted to mention, when we looked at, you know, sort of cranking the engine one time, one of the hardest things for an agricultural community to purchase is hardware. And through the years, (they deprogrammed ?) their loan guarantee, with low collateral, and now the interest subsidy that I'm putting together, the first 10 loans we already know are for tractors. The banks are willing to loan to the farmers, which traditionally they have not been willing to do. The risk was too high and the farmers were too poor. And through that poverty, they could not get the collateral to buy a tractor. And farming was so low-profit that they couldn't afford the interest rate. And this is, you know, one more problem that we're trying to solve, to make sure that the farmers can stand up for themselves on the second go-around of the economic cycle here.

Q If I could ask a final question which is kind of tied in with what you're saying. I mean, Mesopotamia historically was very good for agriculture, wasn't that the case, and that it really just comes down to them being able to enact the policies which would allow that to flourish, or are we starting from, you know, ground zero here?

MR. WILT: Well, I mean, if I fly over Wasat in a helicopter, which I often do, the number of irrigation canals out here is remarkable. This is remarkably productive; there's a lot of investment in agriculture. The problem is that the agriculture value chain is so long. I mean, it's from inputs -- seed, fertilizer -- to distribution, to knowledge, to plant, to plant at a level that the yields are high, to distribution to the consumer.

And to be honest, I mean, I haven't really identified any step in any value chain economically here in Iraq that doesn't have problems, that isn't broken. So if I discover a seed mill, the seed mill hasn't been operating, say, in, you know, 10 years. Well, why is that? Well, because no one -- you know, it's not economical to grind seed. And they can't find enough, you know, seed growers of those cereals and those grains and there's no market. And one of the markets, obviously, is, you know, chicken farms. Well, chicken farms can't, you know, right now, compete with Iranian goods coming across the border.

So you got to look at the entire cycle and chain and start addressing multiple things simultaneously for any one initiative to have a hope of having some sort of impact or sustainability.

MR. HOLT: Okay.

MR. WILT: I mean, a good example is a Numaniyah canning facility for stewed tomatoes and tomato paste, vegetables and dates. Tomato farmers no longer -- you know, when they pulled the government's support, tomato farmers -- it's not profitable. They don't know how to grow tomatoes. They can't get tomato seeds. They don't know how to do it profitably. The irrigation canals aren't clean because of years of degradation at the end of the Saddam regime. Therefore, the tomato paste isn't up and running. And, you know, Iranian goods have -- (inaudible) -- the Iraqi goods.

Plus, there's no electricity to operate the factory on a regular basis. Every economic problem has multiple facets that need to be addressed simultaneously.

MR. HOLT: Okay. And all right, sir, we're about out of time, here. Do you have any closing thoughts for us?

MR. WILT: No, just thank you very much for your time. And I hope -- you know, I hope I've answered your questions and, you know, given a little insight on what we're doing here and how we're doing it and why we're doing it the way we are. And we see a lot of positive things and we expect to see the next year to two to be quite remarkable, especially with our agricultural initiatives.

MR. HOLT: All right, sir. Thank you very much.

Mr. Mark Wilt is the USAID representative for the Wasat Province PRT. Thank you very much for joining us, sir, and we look forward to maybe -- hopefully speaking with you again.

MR. WILT: Thank you for your time.

Q Thanks very much.

END.